

**IDAHO STATE TAX COMMISSION**  
**COMMISSIONERS' OPEN MEETING**  
**MINUTES OF MEETING HELD SEPTEMBER 5, 2012**

In attendance: Commissioners Tom Katsilometes, Richard Jackson, and Ken Roberts; Michael Chakarun, Valerie Dilley, Steve Fiscus, Roxanne Lopez, Robin O'Neill, Mark Poppler, Liz Rodosovich, Ted Spangler, Randy Tilley, Bill von Tagen, Doreen Warren; Cynthia Adrian, Rick Anderson, Alan Dornfest, McLean Russell; George Brown, Chelsea Kidney, Carl Olsson, Erick Shaner, and Phil Skinner; Leslie Jones, Janice Lambertus, Celinda Manweller, Cindy Mount, Toni Nash, Georgia Ross, Karen Thiel, Mario Townes, Merry Weirick, and Sandii Zavala.

Guests: Kristin Jones.

**Public Session.**

Commissioner Ken Roberts convened the open meeting.

**Presentation of Certificates of Service.**

Roxanne Lopez, Human Resources Officer, acknowledged the employees that were receiving a Certificate of Service, and stated how much all of their work efforts were appreciated.

Roxanne, with the Commissioners, presented certificates to: McLean Russell, Tax Policy Specialist (Tax Policy) for 5 years of service; Celinda Manweller, Office Services Supervisor 2, Sales Tax Audit (Audit & Collections) for 15 years of service; Georgia Ross, Technical Records Specialist 1, Resource Team (Revenue Operations) for 20 years of service with a thank-you letter from the Governor; Randy Tilley, Division Administrator (Audit & Collections) for 30 years of service with a thank-you letter from the Governor.

The following recipients were absent and will have their certificates presented at a later date: Teri Cottle, Tax Auditor 3, Coeur D'Alene Field Office (Audit & Collections), and Helen Moore, Financial Technician, Sales Tax Audit 2 (Audit & Collections) for 5 years of service; Camille Personette, Tax Compliance Technician, Central Collections (Audit & Collections) for 15 years of service; Renee Eymann, Public Information Specialist (Strategic Development Services) for 20 years of service with a thank-you letter from the Governor; Robert (Joe) Velasquez, Tax Compliance Officer 2, Idaho Falls Field Office (Audit & Collections) for 30 years of service with a thank-you letter from the Governor.

The Commissioners thanked the recipients, and noted how their years of service and efforts were commendable and appreciated. The recipients were invited to stay for the rest of the meeting.

**Presentation of Certificates of Appreciation.**

The Commissioners presented certificates of appreciation to the members of this year's agency picnic committee. Certificates were presented to: Valerie Dilley, Renee Eymann, Leslie Jones, Cindy Mount, Toni Nash, Liz Rodosovich, Karen Thiel, Mario Townes, Merry Weirick, and Sandii Zavala. A certificate of appreciation was also presented to Commissioner Jackson, who had oversight over the employee picnic.

Commissioner Roberts thanked all the other picnic volunteers and once more Commissioner Jackson. Commissioner Jackson added that the picnic committee deserved the credit and not him, since they coordinated the effort and did a wonderful job at making it a success. Commissioner

Roberts said that he was impressed with the quality of the people at the agency, with camaraderie that you do not see other places.

Commissioner Roberts welcomed Kristin Jones, stating the Commission's appreciation for her interest and attendance at the open meeting.

### **Business Requiring Vote of the Commission.**

#### Resolution 12-03 – Interest Rate for 2013.

Cynthia Adrian, Tax Policy Specialist, recommended Resolution 12-03 – Interest Rate for 2013, which establishes the interest rate of 3% for 2013, for adoption. Ted Spangler noted that the resolution was for the calendar year 2013 and not 2012 as submitted to the agenda.

Commissioner Jackson moved that the Resolution 12- 03 – Interest Rate for 2013 be approved and Commissioner Katsilometes seconded. There were no further questions or comments. All voted in the affirmative, and Resolution 12-03 was adopted.

#### Resolution 12-04 – 2013 Maximum Homeowner's Exemption.

Alan Dornfest, Property Tax Policy Specialist, presented Resolution 12-04 – 2013 Maximum Homeowner's Exemption for approval. Alan recommended the Commission consider amending the maximum exemption of \$80,999 to a rounded total of \$81,000 to avoid confusion.

Commissioner Katsilometes moved that the Resolution 12-04 – 2013 Maximum Homeowner's Exemption with the amended maximum exemption rounded to \$81,000 be approved and Commissioner Jackson seconded. There were no further questions or comments. All voted in the affirmative, and Resolution 12-04 was adopted.

#### Resolution 12-05 – Property Tax Reduction Brackets.

Alan Dornfest presented Resolution 12-05 – Property Tax Reduction Brackets for approval. Alan noted that there were just a few adjustments made to the Circuit Breaker brackets this year.

Commissioner Katsilometes moved that the Resolution 12-05 – Property Tax Reduction Brackets be approved and Commissioner Jackson seconded. There were no further questions or comments. All voted in the affirmative, and Resolution 12-05 was adopted.

#### Minutes: Open Meetings – August 1, 2012.

Commissioner Katsilometes moved that the minutes of the open meeting held on August 1, 2012, be approved, and Commissioner Jackson seconded. There were no comments or amendments. All voted in the affirmative, and the minutes were approved.

### **Administrative Reports.**

#### Public Information Office, Liz Rodosovich.

Since the last Public Information report (in June), there have been 20 media inquiries, on subjects ranging from Commissioner Roberts' appointment to wind energy, sin taxes, store coupons, and the Hire One credit. Most questions were from local media, but calls also came from the *Wall Street Journal*, *Where to Retire* magazine, and *Bloomberg BNA* (Bureau of National Affairs).

In the same time period, Public Information issued two news releases, one on the property tax estimator, the other co-sponsored with Idaho Legal Aid to promote the identity theft seminar held last week in the auditorium.

In late June, Liz attended a seminar on how to use social media in crisis communications, and shared the information with staff. Attendees were members of the state's Public Information Emergency Response Teams.

The bimonthly meeting with the IRS was held last week, and out of that came a joint training opportunity for unlicensed tax practitioners. Revenue Operations will be following up.

Public Information continues to spend much of its time on designing and writing pages for the new website.

#### Management Services, Mark Poppler.

Mark Poppler, Chief Financial Officer, reported that the FY2014 Budget was officially submitted. Tuesday was the official due date of the agency's FY2014 budget request, as well as the related Performance Measurement Report. Both were completed and approved by the members of the Executive Leadership Team (ELT) at recent meetings. Mark thanked the Commissioners and the members of the ELT, and several of their staff members, for their hard work and contributions to the successful start of this process.

Mark clarified that this was the 'start of the process' because the more challenging stages in the budget process begin now. The agency must explain and justify why we should be given such a significant increase (20.2%) in our budget when funds are again tight. The largest requests, the GenTax Version 9 Upgrade, and a supplemental request to bring our appropriation more in line with current vacancies, will be scrutinized very closely by the Division of Financial Management (DFM), Legislative Services Office (LSO), the Governor, and the Legislature, among others. The majority of the ELT will be called upon to explain and support these items at some point or another, so Mark urged their full attention and care in understanding the issues. He thanked everyone again for their support.

#### **Reports on Rules Committees.**

##### Property Tax Rules – Committee Chair, Alan Dornfest.

Alan Dornfest, Property Tax Rules Committee Chair, noted there was a Property Tax Rules Committee meeting on August 7, 2012. A report on any outstanding property tax rules was sent to the county assessors last week and to the county clerks the prior week. The proposed property tax rules were all approved by DFM on August 30, 2012.

Alan announced that although publication in the Administrative Bulletin does not happen until October, a public hearing has been scheduled on November 20, 2012, for Property Tax Rule 620. This rule is one of the more controversial rules dealing with the exemption for never-occupied residential improvements and commercial, industrial, and residential site improvements.

##### Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules – Committee Chair, Cynthia Adrian.

Cynthia Adrian, Committee Chair, noted that there two Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules Committee meetings since the last open meeting, on August 6, 2012, and August 14, 2012. The committee approved all the rules at the last committee meeting, including four drafts from the August 6 committee meeting that required more work.

Cynthia noted receiving concerns from an attorney on the draft for Rule 877 on Backup Withholding by Pass-Through Entities. After discussion with Legal and Tax Policy, changes were agreed upon, emailed to the committee, and approved. A brief discussion followed.

Sales Tax Administrative Rules – Committee Chair, McLean Russell.

McLean Russell, the Sales Tax Rules Committee Chair, reported that there were two Sales Tax Rules Committee meetings on August 9, 2012, and on August 16, 2012. The committee has received all but two of the PARFs on all the proposed sales tax rules submitted. Those PARFs are still expected since both proposed rules are among the least controversial.

Most of the discussion at the last Sales Tax Rules Committee meeting was on Rule 37 regarding Aircraft and Flying Services. This rule clarifies the exemption for the sale and use of aircraft used to transport freight and passengers as it applies to aircraft used in chartered flights and defines relevant terms. This rule also updates the language to conform with the new exemption for repair parts installed into nonresident aircraft. The discussion on the issues will continue with the public until November 1 when a revised draft is submitted.

McLean did not anticipate any problems with Rule 128 on Certificates for Resale and other Exemption Claims, which had minor technical corrections to bring the rule in alignment with the current practice regarding exemption certificates. Discussion followed on the rules.

Ted Spangler, Special Legal Consultant, and McLean both expressed their appreciation for Shelley Sheridan, the Rules Coordinator, who was transferring to another state agency. They highlighted the exceptional job she did, building long-term relationships and trust. All agreed Shelley would be greatly missed and wished her well in her new position.

**Public Comments.**

There were no more public comments.

**Other.**

Steve Fiscus, Property Tax Division Administrator, noted that Commissioner Katsilometes sent a letter to Twin Falls and Minidoka Counties indicating that they were out of compliance with the final year of their Five Year Plan. The counties have until September 15 to provide the Commission with a remediation plan, then the Commission will have to respond to them by October 1 with an acceptance or not.

Bill von Tagen, Lead Deputy Attorney General, presented This Day in History.

This Day in History, September 5:

- 1774 – First Session of the Continental Congress
- 1836 – Sam Houston elected President of the Republic of Texas.
- 1847 – Jesse James was born.
- 1863 – U.S. sent an angry letter to the British government over two ironclad blockade breakers.
- 1882 – First Labor Day (10,000 workers in New York City)
- 1885 – First gas pump was delivered to a dealer.
- 1960 – Cassius Clay wins Olympic Light Heavyweight Title
- 1975 – Squeaky Fromm pointed a gun at President Ford in Sacramento, California
- 1972 – Palestinians storm Olympic Village to kill two of Israel's athletes and kidnap nine others. Israel eventually tracked down and killed the terrorists.

#1 Songs

1957 – “Tammy” by D. Reynolds

1963 – “My Boyfriend’s Back” by the Angels

1964 – “House of the Rising Sun” by the Animals

1971 – “Go Away Little Girl” by Donnie Osmond

1975 – “Rhinestone Cowboy” by Glenn Campbell

There was no other business.

**Recess.**

Commissioner Roberts recessed the Public Session for 10 minutes to reconvene for the commissioners to meet with the Commission’s legal counsel.

**Reconvene Meeting.**

Commissioner Roberts reconvened the open meeting.

**Executive Session.**

Commissioner Katsilometes moved to move into the Executive Session. Commissioner Roberts seconded. Commissioners Katsilometes, Jackson, and Roberts all voted in favor by roll call and the motion passed.

The Commission met in executive session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party. No matters requiring a vote of the Commission resulted from the executive session.

Commissioner Roberts declared the Executive Session was ended.

There being no further business, the meeting adjourned.

Valerie Dilley  
Secretary

Ken A. Roberts  
Commissioner